

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

FINANCIAL STATEMENTS

JULY 31, 2024



INDEPENDENT AUDITOR'S REPORT

To the Members,
Metropolitan Bible Church Ministry Corporation:

Qualified opinion

We have audited the financial statements of Metropolitan Bible Church Ministry Corporation ("the Entity"), which comprise the statement of financial position as at July 31, 2024, and the statements of operations, changes in fund balances and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at July 31, 2024, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, net revenue, and cash flows from operations for the seven month period ended July 31, 2024 and year December 31, 2023, current assets as at July 31, 2024 and December 31, 2023, and fund balances as at January 1, 2024 and July 31, 2024. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF FINANCIAL POSITION AS AT JULY 31, 2024

	July 31, 2024	December 31, 2023
ASSETS		
CURRENT		
Cash	\$ 71,439	\$ 446,894
Short-term investments (note 3)	269,549	226,836
Accounts receivable	74,507	71,994
Prepaid expense	34,386	12,876
Due from ETT (US)	-	6,620
Current portion of loan receivable	200	-
	450,081	765,220
LOAN RECEIVABLE FROM EMPLOYEE (note 4)	99,800	100,000
INVESTMENTS (note 3)	600,000	600,000
CAPITAL ASSETS (note 5)	204,687	202,198
	\$ 1,354,568	\$ 1,667,418
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 191,908	\$ 154,239
Deferred contributions (note 7)	19,546	37,513
	211,454	191,752
FUND BALANCES		
General Fund	586,416	950,400
Internally restricted funds	277,820	277,820
Externally restricted funds (note 8)	278,878	247,446
	1,143,114	1,475,666
	\$ 1,354,568	\$ 1,667,418

Approved on behalf of the Board:



 DOUG MCELLEMAN, CHAIRMAN

 MARC BEZANSON, TREASURER

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OHCID LLP

OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants

Ottawa, Ontario

November 20, 2024

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF CHANGES IN FUND BALANCES FOR THE SEVEN MONTH PERIOD ENDED JULY 31, 2024

	Balance - Beginning of period	Net revenue (expense) for the period	Transfers to (from)	Balance- End of period
General Fund	\$ 950,400	\$ (158,163)	\$ (205,821)	\$ 586,416
Internally Restricted Funds				
Reserve Fund	277,820	-	-	277,820
Ministry Initiatives Fund	-	-	-	-
	277,820	-	-	277,820
Externally Restricted Funds				
Missions Fund	-	-	-	-
Capital Fund	-	-	-	-
Benevolent Fund	51,130	12,711	-	63,841
Memorial Fund	49,765	5,215	-	54,980
Scholarship Fund	4,909	3,320	-	8,229
Vision Fund	141,642	10,186	-	151,828
Encounter the Truth Fund	-	(205,821)	205,821	-
	247,446	(174,389)	205,821	278,878
	\$ 1,475,666	\$ (332,552)	-	\$ 1,143,114

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF OPERATIONS
FOR THE SEVEN MONTH PERIOD ENDED JULY 31, 2024

	General Fund	Externally Restricted						2024	2023	
		Missions Fund	Capital Fund	Benevolent Fund	Memorial Fund	Scholarship Fund	Vision Fund	Encounter the Truth	(7 months) Total	(12 months) Total
REVENUE										
Donations										
Specific	\$ 9,060	\$ 3,847	\$ 19,559	\$ 58,479	\$ 5,215	\$ 3,320	\$ 10,262	\$ 90,550	\$ 200,292	\$ 285,269
Church program	2,347,062	-	-	-	-	-	-	-	2,347,062	4,085,765
Rental income	24,304	-	-	-	-	-	-	-	24,304	31,380
Accounting services (note 6)	4,375	-	-	-	-	-	-	-	4,375	7,500
Interest	24,733	-	-	-	-	-	-	-	24,733	43,725
Ministries	158,717	-	-	-	-	-	-	-	158,717	183,869
	<u>2,568,251</u>	<u>3,847</u>	<u>19,559</u>	<u>58,479</u>	<u>5,215</u>	<u>3,320</u>	<u>10,262</u>	<u>90,550</u>	<u>2,759,483</u>	<u>4,637,508</u>
EXPENSE										
Administration	119,999	-	170	827	-	-	76	678	121,750	145,980
Pastoral support	66,081	-	-	-	-	-	-	-	66,081	123,942
Facility	293,095	-	-	-	-	-	-	-	293,095	475,103
Personnel	1,393,530	-	-	-	-	-	-	-	1,393,530	2,246,345
Living community	50,960	-	-	-	-	-	-	-	50,960	49,103
Regional outreach	11,929	-	-	-	-	-	-	-	11,929	15,842
Children's ministries	77,950	-	-	-	-	-	-	-	77,950	87,565
Youth ministries	87,019	-	-	-	-	-	-	-	87,019	135,226
Adult ministries	22,034	-	-	-	-	-	-	-	22,034	33,581
Missions	438,199	3,847	-	-	-	-	-	-	442,046	734,401
ETT expenses	-	-	-	-	-	-	-	295,693	295,693	363,252
Other	51,868	-	-	-	-	-	-	-	51,868	44,925
Scholarship	-	-	-	-	-	-	-	-	-	1,000
Rent (note 6)	113,750	-	-	-	-	-	-	-	113,750	170,000
Donation to Property Corporation (note 6)	-	-	19,389	-	-	-	-	-	19,389	68,027
Social assistance	-	-	-	44,941	-	-	-	-	44,941	114,025
	<u>2,726,414</u>	<u>3,847</u>	<u>19,559</u>	<u>45,768</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>296,371</u>	<u>3,092,035</u>	<u>4,808,317</u>
NET REVENUE (EXPENSE) FOR THE PERIOD	\$ (158,163)	\$ -	\$ -	\$ 12,711	\$ 5,215	\$ 3,320	\$ 10,186	\$ (205,821)	\$ (332,552)	\$ (170,809)

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

STATEMENT OF CASH FLOWS FOR THE SEVEN MONTH PERIOD ENDED JULY 31, 2024

	2024	2023
	(7 months)	(12 months)
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net expense for the period	\$ (332,552)	\$ (170,809)
Items not requiring cash:		
Amortization of capital assets	35,675	71,904
In-kind donated investments	(7,686)	(34,118)
Accretion of interest	(34,199)	(17,648)
Loss on sale of capital assets	6,818	-
Change in operating components of working capital:		
Accounts receivable	(2,513)	(24,848)
Prepaid expense	(21,510)	(6,794)
Due from ETT	6,620	(6,620)
Accounts payable	37,669	46,135
Deferred revenue	(17,967)	16,597
	(329,645)	(126,201)
INVESTING ACTIVITIES		
Proceeds on realization of investments	(828)	155,113
Net purchase of capital assets	(44,982)	(37,352)
	(45,810)	117,761
FINANCING ACTIVITIES		
Advance to employee	-	(100,000)
Repayment of loan receivable from employees	-	3,900
	-	(96,100)
CHANGE IN CASH FOR THE PERIOD	(375,455)	(104,540)
Cash beginning of the period	446,894	551,434
CASH END OF PERIOD	\$ 71,439	\$ 446,894

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2024

The Metropolitan Bible Church Ministry Corporation (the Ministry) glorifies God by fulfilling the mission and vision God has given to His living Church through His word. The Ministry is incorporated under the Canada Not-for-profit Corporations Act as a not-for-profit organization without share capital and is a Registered Charity under the Income Tax Act. The Ministry is not subject to income taxes.

During the year the organization changed its fiscal year from December 31st to July 31st. As a result, these financial statements report on the seven month period ended July 31, 2024. The comparative figures are for the year ended December 31, 2023.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Revenue recognition

The Ministry follows the restricted fund method of accounting for contributions. Externally restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue during the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Fund accounting

The General Fund accounts for the Ministry's administration, personnel, missions and ministries, and plant maintenance activities. The internally restricted Reserve Fund is set aside to cover any potential major repairs to the building. The internally restricted Ministry Initiatives Fund is for internally funded Ministry development activities. The purpose of externally restricted funds is detailed in note 8.

(c) Contributed services

Due to the difficulty in determining their value, contributed services are not recognized in the financial statements.

(d) Financial instruments

The Ministry initially measures its financial assets and financial liabilities at fair value, except for certain instruments originated or acquired in related party transactions. The Ministry subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, accounts receivable, loan receivable from employee and investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Capital assets

Capital assets are recorded at cost and are then amortized on a straight-line basis, over their anticipated useful lives. Amortization is provided as follows:

Furniture and equipment	5 years
Automotive equipment	6 years
Leasehold improvements	3 years

One-half year of amortization is recorded on assets in the year of acquisition.

(f) Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, accounts receivable, loan receivable from employee, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

3. INVESTMENTS

Investments are recorded at amortized cost. The Guaranteed Investment Certificates bear interest between 4.15% and 4.98% per annum and mature between March 2025 and March 2028. The high-interest savings account earns interest at 4.55% (2023 - 4.75%) per annum.

	2024	2023
Guaranteed investment certificates	\$ 700,000	\$ 700,000
High-interest savings accounts	169,549	126,836
	869,549	826,836
Short-term investments	269,549	226,836
Investments	\$ 600,000	\$ 600,000

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2024

4. LOAN RECEIVABLE FROM EMPLOYEE

Loan receivable from employee is non-interest bearing and repayable at a rate of \$200 per month, beginning in July 2025. The remainder of the loan is due July 13, 2028. It may be secured by a registered second mortgage on the employee's property.

5. CAPITAL ASSETS

			2024	2023
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	\$ 744,687	\$ 565,141	\$ 179,546	\$ 197,773
Automotive equipment	-	-	-	-
Leasehold improvements	134,948	109,807	25,141	4,425
	\$ 879,635	\$ 674,948	\$ 204,687	\$ 202,198

During the period, amortization of capital assets amounted to \$35,675 (2023 - \$71,904).

6. RELATED PARTY TRANSACTIONS

The Ministry and the Property Corporation are entities under common control, as the members of both corporations, who elect their respective board of directors, are in common. During the period ended July 31, 2024, rent expense of \$113,750 was charged to the Ministry (2023 - \$170,000) and accounting services revenue of \$4,375 was received from the Property Corporation (2023 - \$7,500).

During the period, the Ministry donated \$19,389 (2023 - \$68,027) to the Building Fund.

Accounts receivable includes \$1,450 due from the Property Corporation (2023 - \$nil).

These transactions are recorded at the exchange amount, which is the amount established and agreed to by the related parties involved.

Unless otherwise specified, amounts due from and to the Ministry are non-interest bearing and have no specified terms of repayment.

The Ministry and Timothy Trust are entities under common influence, as the corporations have some board members in common. During the period, the Ministry was reimbursed for salary expense in the amount of \$30,355 (2023 - \$20,640).

METROPOLITAN BIBLE CHURCH MINISTRY CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2024

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent contributions received for the Ministry's Syrian Refugee Project.

	2024	2023
Balance, beginning of period	\$ 37,513	\$ 20,916
Less: amount recognized as revenue during the period	(17,967)	(1,370)
Plus: amount received related to the following period	-	17,967
Balance, end of period	\$ 19,546	\$ 37,513

8. EXTERNALLY RESTRICTED FUNDS

The Missions Fund accounts for externally restricted contributions for support to missionaries around the world.

The Capital Fund accounts for externally restricted contributions for the Metropolitan Bible Church Property Corporation's (the Property Corporation) capital projects (note 6) as well as other capital projects.

The Benevolent Fund accounts for externally restricted contributions for social assistance and the needy.

The Memorial Fund accounts for externally restricted contributions received in memory of loved ones or bequests, and unless otherwise designated by the donor and agreed to by the Board, will be used to underwrite capital purchases or projects, or special Ministry initiatives approved by the Board.

The Scholarship Fund accounts for externally restricted contributions received for preparing young people for ministry.

The Vision Fund accounts for externally restricted contributions received for the Reproducing Church initiatives.

The Encounter the Truth Fund accounts for externally restricted contributions for global media ministry initiatives.

